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MONTANA LEGISLATIVE HISTORY

Chapter 459 1991

Bill H _____ S 10 Original bill & history ____C

H. Committee on Local Government		S. Committee on Local Government	
Hearing Date(s) Mar 07	✓ C	Hearing Date(s) Jan 08	✓ C
_____	____C	_____	____C
_____	____C	_____	____C
_____	____C	Jan 24	✓ C
Date Out Mar 08	✓ C	Jan 24	✓ C

Did this bill originate in an interim committee? ____Yes ____No

Committee _____ Report _____

2/01	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 6	EFFECTIVE DATE: 1/01/92	

SB 10 INTRODUCED BY BENGTSON, ET AL.

AUTHORIZE RURAL FIRE AREAS AND DISTRICTS TO ISSUE BONDS FOR IMPROVEMENTS

12/27	INTRODUCED		
12/28	REFERRED TO LOCAL GOVERNMENT		
1/07	FIRST READING		
1/08	HEARING		
1/25	COMMITTEE REPORT—BILL PASSED AS AMENDED		
1/26	2ND READING PASSED	46	0
1/28	3RD READING PASSED	47	0
	TRANSMITTED TO HOUSE		
1/29	FIRST READING		
1/29	REFERRED TO LOCAL GOVERNMENT		
3/07	HEARING		
3/08	COMMITTEE REPORT—BILL CONCURRED		
3/11	2ND READING CONCURRED	92	6
3/12	3RD READING CONCURRED	97	1
	RETURNED TO SENATE		
3/15	SIGNED BY PRESIDENT		
3/16	SIGNED BY SPEAKER		
3/16	TRANSMITTED TO GOVERNOR		
3/20	RETURNED TO SENATE WITH GOVERNOR'S AMENDMENTS		
3/23	2ND READING GOVERNOR'S AMENDMENTS CONCURRED	47	0
3/25	3RD READING GOVERNOR'S AMENDMENTS CONCURRED	48	0
	TRANSMITTED TO HOUSE		
4/08	2ND READING GOVERNOR'S AMENDMENTS CONCURRED	95	0
4/09	3RD READING GOVERNOR'S AMENDMENTS CONCURRED	98	0
	RETURNED TO SENATE		
4/13	SIGNED BY PRESIDENT		
4/15	SIGNED BY SPEAKER		
4/15	TRANSMITTED TO GOVERNOR		
4/17	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 459	EFFECTIVE DATE: 10/01/91	

SB 11 INTRODUCED BY THAYER

PROVIDE RECIPROCAL BID PREFERENCE—PUBLIC CONTRACTS FOR CONSTRUCTION/REPAIRS

12/27	INTRODUCED		
12/28	REFERRED TO STATE ADMINISTRATION		
1/07	FIRST READING		
1/09	REREFERRED TO BUSINESS & INDUSTRY		
1/14	HEARING		
1/15	COMMITTEE REPORT—BILL PASSED AS AMENDED		
1/16	2ND READING PASSED	49	0
1/17	3RD READING PASSED	48	0
	TRANSMITTED TO HOUSE		
1/18	FIRST READING		
1/18	REFERRED TO LABOR & EMPLOYMENT RELATIONS		
2/07	HEARING		
2/08	COMMITTEE REPORT—BILL CONCURRED		
2/09	2ND READING CONCURRED	92	0
2/11	3RD READING CONCURRED	99	0

Presentation and Opening Statement by Sponsor: Senator Esther Bengtson, District #49, stated that the purpose of SB-10 was brought about through the Lockwood Fire District, but that there was interest throughout the state for this bill. She apologized to Rural Fire Departments for the lack of time to confer about this bill before introducing it. Fire Districts can not do any long range planning to replace equipment or train employees in various new areas of concern--Emergency Medical Treatment. This bill would provide the ability to Fire Districts and Fire Service Areas to sell bonds to provide funding for this maintenance and replacement of equipment. Bond sales would allow for major purchases or costs to be amortized allowing for long term planning. The bill would use the same Rules and Laws governing school bond issues, that state a levy not greater than 18% of the district's taxable value can be levied. There are other bills concerning this same matter, and will probably be considered. The Auditor will be asked to substantiate the 18% figure, so as not to conflict or compete with other entities, i.e. schools, hospitals, or the County. Fire Service Areas by law can only have an indebtedness less than or equal to 7%. This applies to the fees on structures in Fire Service Areas, not on taxable valuation. Annexation does not nullify responsibility to pay bond.

Proponents Testimony: Alan Riley, Fire Chief of Lockwood Fire District #8. As a founding member of the Yellowstone County Fire Chief Council, we investigated the fire districts problems. It was found that several districts were operating at or below funding required to support the needs of the public. Structure fires, emergency service calls, and road accidents are all addressed by the Fire District with little or no support from the public they serve. Now, the Federal Government wants Fire Districts like Lockwood's to be the first response to any of the five chemical plants in the area. So to address the ever expanding need for funding this bill was drafted.

Chief Riley summarized Lockwood Fire District's territory, various property classes, and growing number of calls to service. The current equipment does not address the special requirements like those in chemical accidents. Lockwood has received a Community Block Grant to buy new equipment, the first ever awarded to a Fire District. But Chief Riley does not feel that funds should have to be raised by knocking on doors to serve the public.

Bruce Suenram, Missoula Rural Fire Department. (MRFD). Testimony (Exhibit #3)

James Lofftus, Montana Fire Districts Associations (MFDA) representing the 49 of the total 173 Fire Districts. They had a bill to introduced that is similar to this bill, and possibly to the best of both bills can be combined to accomplish the task.

Vern Erickson, Montana State Fireman's Association (MSFA) want the record to show that they support this bill. This is a hazardous job, and good equipment is mandatory to handle the job. Now is the time to modernize before the bill gets higher.

Lyle Nagel, Montana State Volunteer Firefighters Association (MSVFA). For years we have been trying to figure out a funding solution. In regards to the 7% and 18% in this bill. County Commissioners or Board of Trustees, without voter approval, can tax up to the 7%, and any tax higher needs voter approval.

Lyle Nagel was telephoned by the lobbyist for the Montana Firechiefs Association requesting that he convey their support for this bill.

Tom Leonard, Fire Chief West Helena Valley Volunteer Fire Department (WHVVFD) With a 40 square mile district, serving 12-15,000 people, these two all volunteer fire stations responded to approximately 92 fire calls last year. The major problem is old equipment. The fire engine is a 1968, the two tenders are 1962 and 1969. Majority of the $60,000 budget goes to maintaining the vehicles. This bill could provide the option to go to the people to ask for much needed funding.

Opponents Testimony: none

Questions From Committee Members:
Senator Eck if Legislative Staff member Connie Erickson could answer whether the people will vote on this or does this reference some general rule to bonding? C. Erickson referenced page 2, line 9-13, School District Statutes are cited.

Senator Hammond asked if there is monetary limit totaling all bonding in the area including fire, school, cemetery? C. Erickson had no knowledge of such a limit. Senator Hammond was concerned that "the big dog can't get you, but a lot of little ones can".

Senator Beck understood that the 18% was only for Fire Districts, while the 7% was for Fire Service Areas. Is the 18% option available to the Fire Service Areas. C. Erickson stated that the 7% is current law without bonding for Fire Service Areas. But Fire District Statutes has no such wording in it.

Senator Hammond understood that the 7% used in Fire Service Areas is based on structures not property. C. Erickson agreed that the 7% indebtedness is based on fee on structures.

Senator Hammond followed with whether the 18% applies to the total bonding indebtedness of the property and C.Erickson agreed. Senator Eck questioned why School District Statutes are used instead of Special District Statutes that apply to who decides

upon bonding based on use. Otherwise the bonding is based on taxable value of the property, not the structure or usage. C. Erickson said other like the cemetery district references School District Statutes, but she did not draft this legislation so she was no certain as to why it was done this way.

Senator Bengtson asked how many special districts have bonding authority? C. Erickson said Improvement Districts have authority to bond, Rural, Special Improvement, Hospital, and School District.

Senator Eck asked Gordon Morris which Title should be used? Mr. Morris stated the bill sets forth that it should be conducted under Title 20, but he felt it should be changed to Title 7, and cited Title 7, 7-7-2201, governing counties and other special districts.

Senator Waterman was confused as the difference between the 7% and 18% indebtedness? Is the 7% not bonded, and the 18% is for bonding above and beyond 7%? C. Erickson stated current law allows a Fire Service Area to incur indebtedness at 7%, not a bonding indebtedness. No similar provision for a Fire District. The 18% is bonded indebtedness, new language being considered, and is above and beyond the 7%.

Senator Harding felt that Senator Eck's point of which Title should be used in addressing this issue. She would like to look into amending this bill to be governed under Title 7 provisions.

Senator Beck felt that the difference between Title 20 and Title 7 was that counties are usually governed by Title 7. Senator Beck wanted to know fire chiefs are limited on the amount of mills they can levy in the district, and if they are under the I-105 cap.

Mr. Suenram (MRFD) said Fire Districts are not limited by the number of mills that they can levy. But under I-105 they are frozen at the amount of revenue raised in 1986. Unless the city annexes or you lose 5% then you can raise more according I-105.

Senator Beck wanted to know how you can exceed I-105 to pay off those extra mills? Mr Suenram (MRFD) understands that this bill would ask the voters to increase the levy to pay off this bond. This would be over the frozen amount. Mr. Morris (MACo) stated that debt service is a different levy and so it is exempt from I-105 provisions subject to voter approval.

Senator Thayer wanted to know if the same 18% figure would apply if the bill was amended to be governed under Title 7? Mr. Morris stated that there are a variety of percentages for local governments. County Government limit is 22% for indebtedness. Other codes list 18% as the limit for aggregate bonding indebtedness for Fire Districts greater 18% of the total taxable

value of the district. There is no aggregate limitation for all bonds i.e. hospital + county + school. This could be a hefty debt obligation. But the voters must approve each levy.

Senator Eck was concerned that the abstract idea of taxable valuation is continually be adjusted. Is it possible not to have enough taxable value to pay off the debt? Mr. Morris agreed that the idea is abstract, but the MACo is involved in trying to balance against roll back of taxable value by introducing bills that trigger an increment adjustment like HB-20 that gave 35 pages that moved up those percentages to offset the drop in taxable value associated with the drop in personal property taxes. This is an attempt to keep a balance of percentage of total indebtedness and total dollars to pay the debt constant.

Senator Beck wanted to know who collects fees on Fire Service Areas? Counties collect the fees.

Senator Vaughn said that the 7% can not exceed on structures, and then the 18% would be on the entire area? C. Erickson said the 7% does not apply to the structure, but to the taxable value. She interpreted it to mean that a Fire Service Area can pledge the income of the Fire Service Area to secure financing necessary to procure equipment, and this may not exceed 7% of the taxable valuation of the area. They can not issue bonds under this, and it is unclear if they can secure financing or pay installment contracts. This amount up to 7% is not bonded or voted on.

Senator Vaughn reiterated that the 7% is assessed against structures in the Fire Service Area, but the 18% is the limitation on bonds. C. Erickson said the 18% would be paid by an assessment on the property.

Mr. Suenram (MRFD) felt the cross over between Fire Districts and Fire Service Areas needed to be explained. Districts tax everything in the district by mill levy. The Fire Service Area collects fees constructed only structures.

Senator Harding wanted to distinguish if a Fire Service Area can also be in a Fire District. C. Erickson stated that they are different.

Senator Harding stated that Fire Service Areas were for people that numerous acres with no buildings were not assessed, but the people receiving the fire service for buildings were taxed. They do not cross lines. C. Erickson did not feel they could because the assessment was different.

Mr. Suenram (MRFD) stated that Fire Service Area Boundaries are determined by petition and can not include municipalities or come into a Fire District. The fee or tax is on different structures of property.

Senator Hammond felt that the demand in rural areas help create Fire Service Areas. Fires in those areas encompass structure as well as land fires.

Senator Beck wanted to know if there are fees being set on structures is there a need to have a taxable valuation on that particular Fire Service Area? Mr. Henry Lohr, Montana State Volunteer Firefighters Association (MSVFA) cited the example of Lakeside residents wanting fire protection for their summer cabins, but the beet farmers did not want to be assessed on the fields. With the Fire Service Area, all structure owners pay the same, so farm land does not incur a higher rate.

Senator Beck was in Powell County were they set up a Fire District were there was a specific exclusion of things from the taxable valuation, i.e. cattle. If indebtedness can not be over the taxable valuation it does necessarily mean everyone pays.

Senator Harding stated that we can not mix apples and oranges. The Fire Service Bill is strictly for the Fire Service Area at 7% on structures. But the 18% would be in a Fire District assessed against all property. The bill lists that this 18% would be in both Fire Districts and Fire Service Areas. C. Erickson said the bill page 3, line 17-21 states that the property is to be assessed. Senator Harding is unclear if it applies to both Districts and Areas. This needs to be clarified. C. Erickson interpreted the bill to amend Fire Districts and Fire Service Areas. It would allow each one to issue bonds with indebtedness not to exceed 18% of the taxable value of the property in the district of 18% of the taxable value in a service area. The bonding applies to both.

Senator Eck asked if the bill were written that the taxable value of the whole area is to repay the bond instead of just the structures in a Fire Service Area would this work? Mr. Suenram (MRFD) answered that most of the visitors present represent Fire Districts not Fire Service Areas. It did not seem to be a problem.

Senator Waterman wanted to know if all people paying fees in a Fire District would be there to vote, as in the Lakeside example some summer residents do not live there so they would not be voters on that bond issue? Senator Vaughn also wanted to clarification that only owners of the structures included in the Fire Service District would be allowed to vote in a Fire Service Area? Senator Bengtson noted the confusion of the bonding ability of Districts v.s. Areas, and conceded that Fire Service Areas could be removed by amendment from the bill. Fire Service Area legislation is very new.

Senator Hammond would like Bruce Seunram to clarify the Fire Service Area legislation. Mr Suenram was co-author of the bill, and it was written to be flexible and work all over the state.

The purpose was to provide funding for structure fires in rural areas that could not form Fire Districts. Mill levy was tried for funding, and after four sessions the fee on structure was accepted. The fee is not based on the value of the structure, but on the cost of fighting the fire. The same equipment is taken to an expensive home or a barn fire. In this new bill, SB-10, the fee system would have to be used to pay back the bond by pledging the income which is based on the fee.

Senator Vaughn questioned if bonded indebtedness can be legally assessed from income from fees? C. Erickson was not sure that bonds could be issued based on fees instead of taxes.

Senator Thayer wondered if in Fire Service Areas fires on land with no structures would be answered by the Fire Service Area? Mr. Suernam said there are fees made available through other statutes that provide funding for wildfire or agriculture fires that are in the Fire Area, and outside the Fire District. The maximum is $15,000 per county.

Senator Vaughn felt Senator Harding suggestion that this bill may need to be amended be referred to legal counsel. C. Erickson stated that two other bills are being drafted, and suggested no Executive Action take place on this bill until the others are introduced. Mr Lofftus was aware of Representative Bud Gould's bill referring to Fire Districts and was unsure whether this bill should be held or pulled. This bill is being drafted by C. Erickson, uses Title 7, and only deals with Fire Districts.

Closing by Sponsor: Senator Bengtson closed by saying that all the questions brought forth give the committee the ability to produce the best bill. Amendments should be addressed and possibly consideration of the other bills being introduced about this same need for bonding in Fire Districts, and possibly the addition of Emergency Vehicles.

ADJOURNMENT

Adjournment At: 2:35 p.m.

Esther Bengtson
ESTHER BENGTSON, Chairman

Joyce Inchauspe-Corson
JOYCE INCHAUSPE-CORSON, Secretary

EB/jic

LG010891.SM4

SENATE LOCAL GOVT. COMM.
EXHIBIT NO. #3
DATE 1-8-91
BILL NO. SB-10

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 1st day of Jan, 1991.

Name: Bruce Suenram

Address: 2521 S. Ave West
Missoula

Telephone Number: 549-6172

Representing whom?
Missoula Rural Fire Dist.

Appearing on which proposal?
SB10

Do you: Support? ✓ Amend?____ Oppose?____

Comments:
This bill would allow Rural Fire Districts and Fire Service Areas to purchase much needed equipment and facilities through the issuance of bonds. Most districts and fire service areas are spending to their limits under I-105 and simply cannot purchase new equipment, apparatus and facilities out of their operating budgets
Recommend - Do pass.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

ROLL CALL

SENATE LOCAL GOVERNMENT COMMITTEE

DATE 1-8-91

52 LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
Senator Beck	X		
Senator Bengtson	X		
Senator Eck	X		
Senator Hammond	X		
Senator Harding	X		
Senator Kennedy	X		
Senator Thayer	X		
Senator Vaughn	X		
Senator Waterman	X		

Each day attach to minutes.

SENATE DATE 1-8-91

COMMITTEE ON LOCAL GOVERNMENT

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One: Support	Check One: Oppose
Flynn Boykin	Lockwood Fire Dist #5	SB.10	✓	
Jay M Apfel	Corvallis Fire Dist	SB.10	✓	
Russ Thomson	Missoula Rural Fire Dist	SB 10	–	
Henry E. Lohr	MT. State Vol Firefighters	SB	X	
Edward Apfel	MT Fire Districts Assn	SB 10	✓	
Vern Fleckten	MT State Firemens Assn	"	Y	
Edward L Higgins	MT State Coun. of Fire Fighters	"	✓	
TOM LEONARD	CHIEF WEST HELENA VALLEY VOL. F.D.	SB 10	✓	
Gordon Morris	MACo SB10	SB 25	✓	
F. Donna Wiggens	MACo	SB 25	✓	
Lyle P Nagel	MT St. Vol Firefighters Assn	SB 10	✓	
Cort Harrington	County Treasurers Assn	SB 25	✓	
Bob Durkee	Local Unit 15	SB25		
Bob Stephens	MT Grain Growers	SB 16		

Senator Beck asked Mr. Morris if most districts in the rural areas fire districts instead of rural fire service areas? Mr. Morris said that we have a lot of rural fire protection areas in the eastern part of the state. They are not as organized to the same extent as they would be on the western side. Western Montana seems to prefer organization under Fire Districts. Senator Beck asked if all counties were currently covered under MACo's program? Mr. Morris said that 52 of the 56 counties are covered. Butte-Silver Bow, Deer Lodge, Anaconda, Liberty, and Beaverhead.

Closing by Sponsor: Senator Nathe closed by saying he supported the amendments by MACo and Lyle Naegle for this bill. He felt that the discussion had been very informative and he asked the committee to Do Pass SB-102 as amended. It is needed in Montana.

EXECUTIVE ACTION ON SB-100

Motion: Senator Eck moved to Do Pass SB-100.

Discussion: none

Recommendation and Vote: The motion carried unanimously. It was recorded as a roll call vote.

EXECUTIVE ACTION ON SB-10

Amendments, Discussion, and Votes: Connie Erickson explained the amendments. (Exhibit#2). A new section has been added that pertains to the responsibility of indebtedness.

Discussion: Senator Bengtson stated if the municipality decided not provide either of the option provided on Page 2, Section 2, Part a & b, then the newly annexed property have double taxes? It certainly be a dis-incentive to annexation.

Senator Beck asked if property owners had the choice as to whether they would be annexed. They to need to vote on it. Senator Beck asked C. Erickson if the city decides to annex a portion of the county or outside the city limits, do they have the arbitrary choice to do that? C. Erickson said it depends on the land. If it is contiguous or wholly surrounded. If its wholly surrounded, the city can simply pass a resolution and

wholly surrounded, the city can simply pass a resolution and annex it, but if it is contiguous there usually has to be a voting process. There is some land that they can not annex.

Senator Eck stated that there are some cases in order to get services they have waived their power to object annexation. C. Erickson said it depends on the reason for the annexation and the type of land as to whether there is an election. With the case of a rural fire district it would be an election procedure. Senator Hammond asked if annexation bills would be different for cities with services to offer and those like Missoula who don't have services to extend. Senator Bengtson said the committee can not envision all the problems with annexation. This bill set out to allow bonding for Fire Districts and it protects the bond holder.

Senator Thayer said that this bill, without the amendment, could not be sold. He can not imagine a fire district not having the option to vote on annexation. Senator Bengtson said that this bill protects the bond holder and assures the bonds could sell.

Senator Vaughn said that this bill protects Fire District residents from double taxation.

Motion: Senator Eck moved the amendments.

Amendments, Discussion, and Votes: Senator Beck questioned whether Section 2, Part 2 needed to be in the law, that it never would be in force. C. Erickson asked what the number of mills might be? Senator Beck said if the wasn't much valuation in the district and they bought $100,000 fire truck, then the mill could be 25-50 mills. It could vary extremely from district to district.

Senator Vaughn said that's why Section 2, Part a & b are important because some people may be subject to very high levy, and then have to pay the city's levy it could really cause problems to annexation. This gives some protection to taking care of the indebtedness.

Senator Eck said this is an incentive to Fire Districts. The city could say that if you are annexed we will pay off that share of the indebtedness. It's a valid option. Senator Bengtson stated that we are trying to put in law something that assures the bondholder that the debt is secure.

The vote to move the amendments was unanimous. Senator Beck moved that SB-10 as amended Do Pass. The vote was unanimous, and was recorded as a roll call vote.

ADJOURNMENT

Adjournment At: 2:24 p.m.

Esther Bengtson
ESTHER BENGTSON, Chairman

Joyce Inchauspe-Corson
JOYCE INCHAUSPE-CORSON, Secretary

EB/jic

SENATE STANDING COMMITTEE REPORT

MR. PRESIDENT:

We, your committee on Local Government having had under consideration Senate Bill No. 10 (first reading copy -- white), respectfully report that Senate Bill No. 10 do pass.

1. Title, line 5.
Strike: "AND FIRE SERVICE AREAS"

2. Title, line 6.
Following: "FIRE"
Insert: "AND EMERGENCY RESPONSE"

3. Title, line 7.
Following: ";"
Insert: "establishing responsibility for bonded indebtedness if municipal annexation occurs;"

4. Title, line 7.
Following: "AMENDING"
Strike: "SECTIONS"
Insert: "SECTION"
Strike: "AND 7-33-2404"

5. Page 1, line 17.
Following: "apparatus"
Insert: ", including emergency response apparatus,"

6. Page 2, line 12.
Following: "by"
Strike: "school districts"
Insert: "counties"
Following: "Title"
Strike: "20"
Insert: "7"

7. Page 2, line 13.
Following: "chapter"
Strike: "9"
Insert: "7"
Following: "part"
Strike: "4"
Insert: "22"

8. Page 2.
Following: line 13
Strike: section 2 in its entirety

9. Page 4, line 2.
Following: line 1
Insert: "NEW SECTION. Section 2. Annexation of rural fire district property by municipality -- responsibility for bonded indebtedness. (1) If a municipality annexes property from a rural fire district, the annexed property is liable for any bonded indebtedness of the rural fire district existing as of the date of annexation to the same extent as it would have been liable if not withdrawn.

(2) A municipality may:

(a) offset the municipal mills levied on the annexed property by the mills levied on the property for bonded indebtedness; or

(b) annually appropriate funds to the rural fire district in an amount equal to the mills levied on the annexed property for bonded indebtedness."

Signed: Esther G. Bengtson
Esther G. Bengtson, Chairman

1-24-91
Amd. Coord.

Sec. of Senate

Amendments to Senate Bill No. 10
First Reading Copy

For the Committee on Local Government

Prepared by Connie Erickson
January 24, 1991

SENATE LOCAL GOVT. COMM.
EXHIBIT NO. #2
DATE 1-24-91
BILL NO. SB-10

1. Title, line 7.
Following: ";"
Insert: "establishing responsibility for bonded indebtedness if municipal annexation occurs;"

2. Page 4, line 2.
Following: line 1
Insert: "NEW SECTION. **Section 2. Annexation of rural fire district property by municipality -- responsibility for bonded indebtedness.** (1) If a municipality annexes property from a rural fire district, the annexed property is liable for any bonded indebtedness of the rural fire district existing as of the date of annexation to the same extent as it would have been liable if not withdrawn.

(2) A municipality may:

(a) offset the municipal mills levied on the annexed property by the mills levied on the property for bonded indebtedness; or

(b) annually appropriate funds to the rural fire district in an amount equal to the mills levied on the annexed property for bonded indebtedness."

ROLL CALL

SENATE LOCAL GOVERNMENT COMMITTEE

DATE 1-24-91

52 LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
Senator Beck	X		
Senator Bengtson	X		
Senator Eck	X		
Senator Hammond	X		
Senator Harding	X		
Senator Kennedy	X		
Senator Thayer	X		
Senator Vaughn	X		
Senator Waterman	X		

Each day attach to minutes.

ROLL CALL VOTE

SENATE COMMITTEE LOCAL GOVERNMENT

Date 1-24-91 Bill No. SB-10 Time 2:24 P.m.

NAME	YES	NO
Senator Beck	X	
Senator Bengtson	X	
Senator Eck	X	
Senator Hammond	X	
Senator Harding	X	
Senator Kennedy	X	
Senator Thayer	X	
Senator Vaughn	X	
Senator Waterman	X	

Joyce Inchauspe-Corson
Secretary

Senator Esther Bengtson
Chairman

Motion:

Due Pass as Amended

in urban areas. Earmarking money for reforestation is an important policy the Legislature should make. Forests create a micro-climate within the cities which reduces wind and provides cooling in the summer. Most of the money from the fund is spent in rural areas. The cities have environments that need to be addressed.

Charles Wood, Growing Friends of Helena, said there is a crisis in the state with trees because they were planted years ago and have reached their maximum growth. Urban trees are dying, have been blown over, and some urban areas have not been planting trees. There are many volunteers to help plant trees but no money to buy them.

Brendan Moles, concerned citizen, provided written testimony. **EXHIBIT 3**

Jon Thompson, City Forester, Great Falls, said in 1989 a survey was done by the American Forestry Association. Survey results found that four trees are being removed for every one planted because the trees are reaching maturity and have not been replaced. After providing for essential services such as water, sewer, fire and police protection, there is no money left to purchase trees for replanting.

Opponents' Testimony: None

Questions From Committee Members:

REP. McCAFFREE asked **REP. S. RICE** what criteria will be used in awarding the grants. She said it will be determined by the Department of State Lands in a rulemaking procedure. DSL will award the grants on a competitive basis. She would like to see a local contribution so it becomes a matching grant. **REP. BROOKE** asked if there had been any opposition to the use of the RITT Fund. **REP. S. RICE** said the opposition exists and will be heard when HB 939 gets to Appropriations. They are asking for a philosophical decision from the committee that urban reforestation is a reasonable use for the RITT Fund which was set up for environmental protection and enhancement.

Closing by Sponsor:

REP. S. RICE said trees help make our cities, towns, and villages what they are. Trees are helpful in terms of environment, beauty, and preservation of cities. HB 939 is a conservation bill. Trees conserve electricity by cutting costs of cooling, heating, and water.

HEARING ON SB 10

Presentation and Opening Statement by Sponsor:

SEN. BENGTSON, Senate District 49, Shepherd, stated SB 10 will

allow fire districts to sell bonds to purchase emergency response apparatus. In drafting SB 10, a bond council was consulted and the language in the bill meets their criteria.

Proponents' Testimony:

Bruce Suenram, Missoula Rural Fire District, said fire districts in the state need a way to generate revenue to offset costs.

James Lofftus, Montana Fire Districts Association, stated due to I-105, fire districts are unable to purchase necessary fire equipment. SB 10 will give them an avenue to raise the money needed. The taxpayers must give their approval to pass the bonding bill.

Duane Larson, Montana Fire Chiefs Association, said rural fire districts are in need of avenues of funding due to I-105 and inflation.

Gordon Morris, Montana Association of Counties, said on Page 2, Section 4, Line 13, requires that the bonds be issued under the same provisions as issuance of bonds by counties under Title 7. This means general obligation bonds that require a vote of the people.

Henry Lohr and **Lyle Nagel, Montana State Volunteer Firefighter's Association,** went on record in support of SB 10.

Tom Leonard, West Helena Valley Fire District, said his district is experiencing a great deal of growth and their budget has not kept up with the demand. They need equipment and a way to raise funds.

James Balke, Gallatin County Fire Council, said his district is in a high growth areas. They need funding to purchase needed equipment.

Jim Nugent, City of Missoula, urged the committee to retain Page 4, the new language in new section 2. It is needed for the city of Missoula. Written testimony was provided. **EXHIBIT 4**

Opponents' Testimony: None

Questions From Committee Members:

REP. BROOKE asked **Bruce Suenram** for a figure on the bond indebtedness incurred. **Mr. Suenram** said he had no idea what the bond indebtedness would be. **SEN. BENGTSON** said the bond holders would be protected. There are 173 fire districts in the state that have property tax evaluation to receive bonding. **REP. WALLIN** asked as long as I-105 exists, how will the bonds be paid. **Gordon Morris** said bonded indebtedness is exempt under the provisions of I-105. SB 10 creates a new general obligation authority subject to voter approval. The people will know this

will be on their tax rolls. **REP. WALLIN** said existing bonds were not affected by I-105 and asked if new bonds were. **Mr. Morris** said municipal bonds in Montana are a hot item. There are not enough of them for the market.

REP. J. RICE asked **Mr. Morris** if local districts would be relying on the expertise counties could provide in setting up bonding and if he knew of any other subdivision of local government that has bonding authority. **Mr. Morris** said fire districts are the only exception to bonding authority. Any unit of government anticipating the issuance of bonds would be working closely with bond council and underwriter.

REP. BARNETT asked **James Balke** what council he was referring to in his testimony. **Mr. Balke** said the Gallatin County Fire Council which is made up of various fire departments and fire chiefs in Gallatin County. **REP. BARNETT** asked **Mr. Morris** to point out in the bill where it says the vote of the people. **Mr. Morris** said in his testimony he referred to MCA, Chapter 7, Part 22, which says the bonds would be issued pursuant to the authority set forth for counties under Title 7. It requires the vote of the people.

Closing by Sponsor:

SEN. BENGTSON asked for support of SB 10. The market place will determine whether the bill will be usable. It will give fire districts the authority to sell bonds and protect the bond holders.

HEARING ON SB 107

Presentation and Opening Statement by Sponsor:

SEN. BENGTSON, Senate District 49, Shepherd, stated SB 107 would allow a local government to levy the equivalent of 1 mill or $10,000 whichever is less to finance a study commission. The local government, in its discretion, will also provide additional funds and other assistance if 1 mill is not enough.

Proponents' Testimony:

Alec Hansen, Montana League of Cities and Towns, stated SB 107 would give local governments a little discretion to finance a study commission and offered an amendment. On Page 1, Line 16 and 17, strike "the equivalent of 1 mill or $10,000 whichever is less" and insert "an amount necessary to fund the study not to exceed the equivalent of 1 mill". Larger cities may need the equivalent of 1 mill to do a study. The amendment gives local governments flexibility to levy any amount necessary up to 1 mill.

Mike Mathew, Yellowstone County Commission, said the Yellowstone County Commissioners want to get the mandatory level of funding

of Land Commissioners with a copy of each notice of claim locations. It eliminates unnecessary paperwork. The DSL requires that anyone who wishes to mine has to obtain a permit from the Department. It is unnecessary to contact the County Clerk and Recorder as current law requires.

Proponents' Testimony:

John North, Department of State Lands, provided written testimony. **EXHIBIT 6**

Opponents' Testimony: None

Questions From Committee Members: None

Closing by Sponsor:

SEN. HARDING said it is good when the state and local governments get together to eliminate duplicate paperwork and asked that **REP. HAYNE** carry SB 162.

EXECUTIVE ACTION ON SB 162

Motion/Vote: **REP. NELSON MOVED SB 162 BE CONCURRED IN AND PLACED ON CONSENT CALENDAR.** Motion carried unanimously.

EXECUTIVE ACTION ON SB 201

Motion/Vote: **REP. DOWELL MOVED SB 201 BE CONCURRED IN AND PLACED ON CONSENT CALENDAR.** Motion carried Unanimously.

EXECUTIVE ACTION ON SB 108

Motion: **REP. SIMPKINS MOVED SB 108 BE CONCURRED IN.**

Discussion:

REP. SIMPKINS asked that on Page 2, Line 10, Strike: "must" and Insert: "may". **Bart Campbell** agreed and suggested amending Title, Line 8, to Strike: "requiring" and Insert: "permitting". **REP. CROMLEY** asked that on Page 2, Line 9, "each" be struck and "may" inserted.

Motion/Vote: **REP. SIMPKINS** moved to adopt the amendments. Motion carried unanimously. **EXHIBIT 7**

Motion/Vote: **REP. DARKO MOVED THAT SB 108 BE CONCURRED IN AS AMENDED AND PLACED ON CONSENT CALENDAR.** Motion carried unanimously.

EXECUTIVE ACTION ON SB 10

Motion: **REP. DOWELL MOVED SB 10 BE CONCURRED IN.**

Discussion:

REP. WALLIN stated SB 10 would not work. They can't sell bonds and pay them off with mill levies. That would be against I-105. **REP. McCAFFREE** said the statute allows for the people to vote and they can sell bonds if approved by the people. It has nothing to do with I-105. **REP. WALLIN** asked where the money to pay for the bonds will come from. **REP. McCAFFREE** said a levy would have to be assessed over a 20 year period. **REP. DARKO** stated that bonding ability is outside I-105. **REP. J. RICE** asked if the bonds are issued and sold, can they impose an additional levy for the repayment of bonds not subject to I-105. **REP. McCAFFREE** replied yes.

REP. SIMPKINS asked **Bart Campbell** about the maximum county indebtedness. **Mr. Campbell** replied they are not general obligation bonds. The county doesn't assume responsibility. **REP. McCAFFREE** said some bonding companies require a revolving fund to assure repayment. **REP. SIMPKINS** asked if the County Commissioners have the authority to go to the voters district and request bonding. **REP. McCAFFREE** said the County Commissioners don't have the authority unless the Commissioners are of the Board of the district. **Gordon Morris** said SB 10 is for fire districts. They have elected trustees and are separate taxing units. They have nothing to do with the county. They have their own bonding indebtedness limit set for in the bill at 18% of their taxable value. Bonded indebtedness is excluded from the provisions of I-105. They are not like RSIDs.

Vote: Motion carried unanimously.

EXECUTIVE ACTION ON HB 813

Discussion:

Bart Campbell explained amendments. **REP. D. BROWN** stated he spoke to a number of Clerk and Recorders, and they were concerned about the fact that they must preserve records. **REP. SIMPKINS** said the bill did not require the Clerk and Recorders to preserve records. It just requires them to put a dollar into an account. Are the Clerk and Recorders required by law to preserve documents? If that is part of their function, and they are not doing it, they should be disciplined for not complying with the law. If they need money to preserve funds, then HB 813 would be a vehicle for them to obtain it. **REP. CROMLEY** stated the duties of the Clerk and Recorder are to "safely keep" the documents filed. In his mind, "safely keep" means to preserve. The fee is not a fee for keeping documents. It is for documents that are copied and returned to the filer. He has no problem with the increase of a dollar, but would prefer to strike Section 2. **REP. S. J. HANSEN** said she understood the bill to say that the one dollar increase would go toward the preservation of records. The other five dollars would go into the General Fund.

HOUSE OF REPRESENTATIVES

LOCAL GOVERNMENT COMMITTEE

ROLL CALL DATE 2-7-91

NAME	PRESENT	ABSENT	EXCUSED
Rep. Paula Darko	X		
Rep. Jessica Stickney, Vice-Chair	X		
Rep. Joe Barnett	X		
Rep. Arlene Becker	X		
Rep. Vivian Brooke	X		
Rep. Dave Brown	X		
Rep. Brent Cromley	X		
Rep. Tim Dowell	X		
Rep. Budd Gould	X		
Rep. Stella Jean Hansen	X		
Rep. Harriet Hayne	X		
Rep. Ed McCaffree	X		
Rep. Tom Nelson	X		
Rep. Jim Rice	X		
Rep. Sheila Rice	X		
Rep. Richard Simpkins	X		
Rep. Norm Wallin	X		
Rep. Diana Wyatt, Chair	X		

CS05LOCGOV.MAN

HOUSE STANDING COMMITTEE REPORT

March 8, 1991

Mr. Speaker: We, the committee on Local Government report that Senate Bill 10 (third reading copy -- blue) be concurred in .

Signed: _____
Diana Wyatt, Chairman

Carried by: Rep. Scott

DATE 3-7-91
HB SB 10

MISSOULA OFFICE OF THE CITY ATTORNEY

435 RYMAN • MISSOULA, MT 59802-4297 • (406) 523-4614

March 7, 1991 91-099

Senator Esther G. Bengtson
State Capitol
Helena, Montana 59620

House Local Government
Committee Members
State Capitol
Helena, Montana 59620

RE: SENATE BILL 10 AUTHORIZING RURAL FIRE DISTRICTS TO SELL BONDS

Honorable Senator Bengtson and House Local Government Committee Members:

City of Missoula officials understand and appreciate the necessity for local government and public service entities to obtain alternative fund raising mechanisms as a result of I-105.

If the House passes Senate Bill 10 please retain within SB-10 provisions authorizing the City needed flexibility to deal with the continuing bond tax burden that would currently follow along with property annexed into the City of Missoula. Current new section 2, on page 4, lines 6-19 of SB-10 provides Montana cities with flexibility or alternatives for addressing the ongoing bond tax burden.

Thus, it is very important to the City of Missoula that this ongoing rural fire district bond payment flexibility be retained for the City of Missoula so that the Missoula Rural Fire District bonding authority and bond assessments will not serve as a disincentive for municipal annexation to the property owners subject to the bond assessments.

Yours truly,

Jim Nugent
City Attorney

cc: Missoula County Representatives
Dan Kemmis, Mayor
City Council Members
Alec Hansen, Executive Director
Legislative File
Chuck Gibson

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Local Government COMMITTEE BILL NO. SB-10

DATE 3-7-91 SPONSOR(S) Bengtson

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Bruce Suenram	Lockwood Rural FD Missoula Rural FD	SB10		✓
Bruce Suenram	Montana Fire Dist. Assoc	"		✓
Lyle Nagel	Mt. St. Fire Chiefs Assn Mt. St. Vol. Firefighters Assn	SB10		✓
DUANE LARSON	MT ST. FIRECHIEFS ASSN	SB-10		✓
Henry E Lohr	MT State Vol Firefighters	SB		X
JAMES ALOIFTVS	MT FIRE DIST ASSN			✓
James Balke	Gallatin Co Fire Council Belgrade RF Dist	10		✓
Gordon Morris	MHCo.			✓
Mike Mathews	Gallatin Co	10		✓
JIM Nugent	City of Missoula	SB-10	PRESERVE Senate Amendments	
TOM LEONARD	West Helena Valley F.D.	SB10		✓

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.